

# COARSE GRAINS: WORLD MARKETS AND TRADE

## MONTHLY HIGHLIGHTS:

**Tight Coarse Grain Supplies Change Trade Patterns In Eastern Europe:** Short crops across Eastern Europe have turned the region from a net exporter into a net importer. Hungary, the area's largest exporter of corn, is estimated to have the smallest crop in 8 years. Consequently, its exports are expected to drop by two-thirds to only 500,000 tons. Most of Hungary's exports will go to the EU, leaving other Eastern European countries, traditionally reliant on Hungary, scrambling to fill their needs. Many of them have turned to Brazil, where vessel lineup data shows increased shipments to this region. Barley exports from Hungary, Romania, and Bulgaria are expected to drop by more than three-quarters, while imports are forecast to double.

**China Corn Trade Historical Revisions:** Official Chinese Custom's data is the basis for lowered export estimates for 1992/93 through 1995/96, and 1998/99, resulting in a total increase of 1.455 million tons in stocks.

**Brazil Sorghum PSD Revisions:** USDA has revamped Brazil's production, supply, and demand data for sorghum back to 1999/00 and changed its Local Marketing Year from April/March to October/September. This is based on changing production patterns that have resulted in the main sorghum crop being harvested around October.

## PRICES:

**Domestic:** Early February Gulf export bids for #2 yellow corn averaged \$120/MT, up \$2 from January, buoyed by strong domestic demand and exports.

Early February export bids for #2 yellow sorghum (Texas Gulf) averaged about \$122/MT, unchanged from January. This is up nearly \$13 from September. Although sorghum remains at a premium to corn, the premium has shrunk from \$6 in September to \$4 in January. Continued strong shipments to the EU have kept prices firm, but the EU import levy has increased, reducing the price competitiveness of sorghum versus corn.

## TRADE CHANGES IN 2003/2004

### **Selected Exporters**

- **United States corn** expands 1.0 million tons to 51.0 million. This marks the fourth consecutive monthly increase and the highest export estimate in 5 years.
- **Thailand corn** rises 200,000 to 350,000 tons because of reduced domestic demand and falling prices caused by Avian Influenza.
- **EU barley** is cut by 500,000 tons to 2.0 million as the Commission continues to suspend most export tenders.

- **Brazil sorghum** is up again this month (by 125,000 tons) to a record 300,000 tons because of strong shipments to the EU.
- **Canada oats** is down 100,000 tons to 1.2 million due to lagging demand in the United States.

### **Selected Importers**

- **EU corn** is raised by 500,000 tons to 4.5 million, the highest since 1985/86, because of tight domestic supplies of feed grains and more shipments from Brazil.
- **Israel corn** is raised by 300,000 tons to 1.3 million as corn replaces scarce feed quality wheat.
- **Poland corn** is up by 280,000 tons to 300,000 based on strong feed demand and reported purchases from Brazil.
- **South Africa corn** expands by 350,000 tons to 500,000 because of poor production prospects and solid demand for yellow corn.
- **Turkey corn** is halved to 300,000 tons based on a significant increase to its harvest estimate for last year.
- **United States barley** drops 200,000 tons to 500,000 due to a slow pace.
- **Ukraine rye** shrinks 100,000 tons to 200,000 because of low domestic prices and lack of Russian supply.